



2 Top Canadian Value Stocks to Buy the Dips on Right Now

Description

With the crisis in Ukraine threatening to accelerate inflation and dampen the growth outlook for the economy, value stocks are in focus — you know, those underperforming stocks that growth investors laughed at for the past decade or so.

This market is one that's seeing a wide reset in valuations across the board. For value investors, this has provided a unique potential catalyst for those low-valuation businesses with excellent fundamentals.

Two such companies I think are [top value stocks](#) to consider right now are **Alimentation Couche-Tard** ([TSX:ATD](#)) and **Suncor** ([TSX:SU](#))([NYSE:SU](#)). Let's discuss why.

Top value stocks: Alimentation Couche-Tard

Alimentation Couche-Tard is a rather large global player in the gas station and convenience store business. Indeed, with more than 14,000 locations globally, Couche-Tard is slowly working on consolidating its way toward the top of the global leaderboard in this sector.

There are some formidable players in this space, so maybe I'm getting ahead of myself. However, Couche-Tard has benefited from lower valuations in recent years to make a significant number of M&A moves to grow this business. As a growth via acquisition stock, Couche-Tard has outperformed over the long term, despite underperforming other high-growth tech businesses in recent years.

As the market gets back to fundamentals, I think there's a lot to like about Couche-Tard stock right now. Currently, Couche-Tard trades at only [16 times earnings](#), despite having the potential to grow double digits each and every year for the foreseeable future.

Sometimes the market undervalues a stock. I think this is the case with Couche-Tard right now.

Suncor

Another company I've thought has held tremendous value in recent years is Suncor. Of course, when oil was trading below US\$30 per barrel for much of 2020, such a view was difficult to hold. Many thought renewable energy would kill the fossil fuel business, perhaps much quicker than expected.

While I think renewables are the place to be over the very long term, Suncor's business model for the next decade or two remains enticing. This company is a fully integrated energy organization. Accordingly, investors in Suncor gain access to not only oil production, but petroleum refining, oil sands development, and other businesses as well.

Given the rising energy prices we've seen of late, Suncor has been pumping out more than just oil. This business is pumping out cash — and a lot of it.

Suncor's recent earnings showed operating earnings nearly double, with impressive margins and increases for refined product sales. These numbers were not unexpected but highlight the strength this stock is likely to see in this +US\$100 oil environment.

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2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:SU (Suncor Energy Inc.)

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